

Message Text

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PAGE 01 STATE 049410
ORIGIN EB-08

INFO OCT-01 AF-08 ARA-06 EA-07 EUR-12 IO-13 ISO-00 TRSE-00
INT-05 GSA-02 COME-00 STR-04 L-03 SS-15 NSC-05 SP-02
CIAE-00 INR-07 NSAE-00 DODE-00 H-01 OIC-02 /101 R

DRAFTED BY EB/ISM:JJSTJOHN

APPROVED BY EB - JLKATZ

EB/ISM:ACHEWITT

EB/ICD/MPBOERNER

ARA/AND/B:RSPACE

EB/ICD/EAWENDT

-----060211 043875 /61

R 050208Z MAR 77

FM SECSTATE WASHDC

TO AMEMBASSY LA PAZ

INFO AMEMBASSY LONDON

AMEMBASSY KUALA LUMPUR

AMEMBASSY BANGKOK

AMEMBASSY CANBERRA

AMEMBASSY LAGOS

USMISSION GENEVA

LIMITED OFFICIAL USE STATE 049410

E.O. 11652: N/A

TAGS: EMIN, OVIP, BL

SUBJECT: TIN - MEETING OF BOLIVIAN MINISTER LECHIN WITH
ASSISTANT SECRETARY KATZ

REF: LA PAZ 1503 (NOTAL)

1. BOLIVIAN MINISTER FOR PLANNING JUAN LECHIN SUAREZ MET
WITH ASSISTANT SECRETARY KATZ IN PLEASANT, LOW-KEY
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ATMOSPHERE MARCH 1. LECHIN WAS ACCOMPANIED BY ENRIQUE
GARC-A, SUBSECRETARY OF MINISTRY FOR PLANNING AND JAIME
DELGADILLO OF GOB WASHINGTON EMBASSY.

2. LECHIN SAID THAT, FOLLOWING ASEAN MISSION VISIT TO
LA PAZ, GOB HAS DECIDED TO RATIFY FIFTH ITA "PROVIDED
THEY (PRESUMABLY CONSUMERS) HELP IN GETTING BETTER PRICES,.

HE NOTED THAT IN LAST ITC MEETING THERE WAS DIFFERENCE OF ONLY 25 MALAYSIAN DOLLARS BETWEEN LEVEL ULTIMATELY AGREED UPON AND THAT SOUGHT BY GOB. KATZ SAID USG HAS NO PRECONCEPTION AS TO WHAT IS "RIGHT PRICE", BUT WE ARE NOT PREPARED ARBITRARILY TO FIX PRICE AT ANY GIVEN LEVEL. THERE MUST BE SOME ECONOMIC BASIS FOR DETERMINATION OF PRICE RANGES. WE BELIEVE GOAL SHOULD BE TO STABILIZE

PRICE ABOUT THE LONG-TERM TREND, WHICH IS DIFFICULT; THE THEORY IS EASIER THAN THE PRACTICE. KATZ MENTIONED THEORIES REGARDING USE OF 3 OR 5 YEAR LAGGED AVERAGES TO SET A BUFFER STOCK PRICE RANGE ON A DAILY OR MONTHLY BASIS; THERE ARE SOME PROBLEMS WITH THESE, BUT THEY MERIT STUDY. MUCH OF THE COST DATA SUBMITTED TO THE ITC BY PRODUCERS INCLUDES EXPORT TAXES. THIS IS NOT LEGITIMATE. LECHIN REPLIED THAT IT IS HARD TO KNOW THE COST OF PRODUCTION EVEN AT THE LEVEL OF THE INDIVIDUAL MINE, AND MORE SO AT THE COUNTRY LEVEL.

3. AS WE WERE ADVISED REFTTEL, LECHIN PROPOSED THAT USG ALLOW ITA BUFFER STOCK TO ACT AS AGENT TO EFFECT SALE OF ANY TIN TO BE DISPOSED OF FROM GSA STOCKPILE. KATZ SAID WE COULD CONSIDER THIS, ALTHOUGH LEGAL SITUATION WITH REGARD TO THE GSA STOCKPILE IS COMPLEX--WE NEED LEGISLATIVE AUTHORITY TO SELL, AND LEGISLATIVE AUTHORITY ON HOW TO SELL.

4. IN CONTEXT OF DISCUSSION ON LEGISLATIVE CONSTRAINTS KATZ NOTED THAT AS PART OF CARTER ADMINISTRATION'S LIMITED OFFICIAL USE

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GENERAL REVIEW OF COMMODITY POLICY USG IS THINKING ABOUT THE POSSIBILITY OF CONTRIBUTING TO THE ITA BUFFER STOCK. BUT THIS WOULD ALSO NEED LEGISLATIVE AUTHORIZATION, AND THE CURRENT TALK OF A POSSIBLE COLLAPSE OF THE ITA (DUE TO BOLIVIAN NON-RATIFICATION) DOES NOTHING FAVORABLE FOR PROSPECTS OF SUCH A MOVE IF WE SHOULD DECIDE TO PURSUE IT.

5. KATZ MENTIONED USG CONCERN ABOUT INADEQUATE INVESTMENT IN TIN PRODUCTION, WHICH PARTLY DUE TO SOME GOVERNMENTS' POLICIES. HE SAID TIN PRICES HAD INCREASED BY FACTOR OF 3 SINCE 1972, BUT GSA STOCKPILE IS PRESENTLY THE ONLY SOURCE OF INCREMENTAL TIN. LECHIN SAID BOLIVIA IS ONLY MAJOR PRODUCER WITH NEW TIN POTENTIAL (MALAYSIA HAS SOME POTENTIAL, HE SAID, BUT ONLY AT HIGH COST). HE SAID BOLIVIA IS SPENDING 200 MILLION DOLLARS, WHICH IN 4 YEARS WILL INCREASE ITS OUTPUT BY 5000 TONS, AT A LOWER AVERAGE COST THAN NOW PREVAILS.

6. TO CLOSE THE MEETING, GARCIA GAVE AN ARTICULATE OVERVIEW OF THE BOLIVIAN ECONOMY DURING THE PAST YEAR. KATZ SAID THE BOLIVIAN ACCOMPLISHMENTS WERE PARTICULARLY IMPRESSIVE IN THE CONTEXT OF A WORLD ECONOMY WHICH WAS NOT HEALTHY.
CHRISTOPHER

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ORIGIN AF-02

INFO OCT-01 ISO-00 EB-02 /005 R

66011

DRAFTED BY:AF/EPS:DMCCLELLAN

APPROVED BY:AF/DPS:RBDUNCAN

EB/ISM:JJSTJOHN (DRAFT)

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INFO AMEMBASSY KINSHASA 0682

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FOL TEL SENT ACTION LA PAZ INFO LONDON KUALA LUMPUR
BANGKOK CANBERRA LAGOS GENEVA FROM SECSTATE DTD 05 MAR 1977 QTE

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Message Attributes

Automatic Decaptioning: X
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Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
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Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Drafter: JJSTJOHN
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Executive Order: N/A
Errors: N/A
Expiration:
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Original Previous Handling Restrictions: n/a
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Subject: TIN - MEETING OF BOLIVIAN MINISTER LECHIN WITH ASSISTANT SECRETARY KATZ
TAGS: EMIN, OVIP, BL, US, (LECHIN SUAREZ, JUAN), (KATZ, JULIUS L)
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